Parole Board of Canada | Commission des libérations conditionnelles du Canada

Quarterly Financial Report for the Quarter ended December 31, 2014

Canada

Parole Board of Canada

Introduction

This quarterly report has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board Accounting Standard 1.3. This quarterly report should be read in conjunction with the Main Estimates and Supplementary Estimates. It has not been subject to an external audit or review.

Authority and Objectives

The Parole Board of Canada (PBC or the Board) is an independent administrative tribunal responsible for making decisions about the timing and conditions of release of offenders to the community on various forms of conditional release. The Board also makes record suspension decisions and recommendations for the exercise of clemency through the Royal Prerogative of Mercy (RPM).

Legislation governing the Board includes the *Corrections and Conditional Release Act* (CCRA), the *Criminal Records Act* (CRA), and the *Criminal Code*. The CCRA empowers the Board to make conditional release decisions for federal offenders and offenders in provinces and territories without their own parole boards. Provincial Boards currently exist in Quebec and Ontario. The CRA entitles the Board to order, deny and revoke record suspensions for convictions under federal acts or regulations. The Governor General or the Governor in Council approves the use of the RPM for those convicted of a federal offence, in all jurisdictions, based on investigations by the Board and recommendations from the Minister of Public Safety.

The Board has one strategic outcome: Conditional release and record suspension decisions and decision processes that safeguard Canadian communities. This strategic outcome is the cornerstone of the Board's public accountability and reporting of results.

Further details on the Board's authority, mandate and program activities may be found in the PBC's Report on Plans and Priorities.

Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the Board's spending authorities granted by Parliament and those used by the department, consistent with the Main Estimates and Supplementary Estimates for the 2014-2015 fiscal year. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before moneys can be spent by the government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

When Parliament is dissolved for the purposes of a general election, section 30 of the *Financial Administration Act* authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

The Board uses the full accrual method of accounting to prepare and present its annual departmental financial statements which are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

Highlights of Fiscal Quarter and Fiscal Year to Date Results

Significant Changes to Authorities

As at December 31, 2014, total authorities available for the year have decreased by $1.7 million from $50.9M to $49.2M compared to the same quarter of the previous year. The major changes are as follows:

Quarter 1:

- A decrease of $2.1 million due to savings identified as part of Budget 2012 Spending Review;
- A decrease of $0.3 million related to the Employee Benefit Plan;
- A decrease of $0.1 million related to the transfer to Public Works and Government Services to consolidate all federal government pay administration services into one centre of expertise in Miramichi, New Brunswick;
- An increase of $0.9 million, the last of six annual increases related to the Government's Truth in Sentencing Act (Bill C-25);
- An increase of $0.1 million due to the compensation for collective agreement.

Quarter 2:

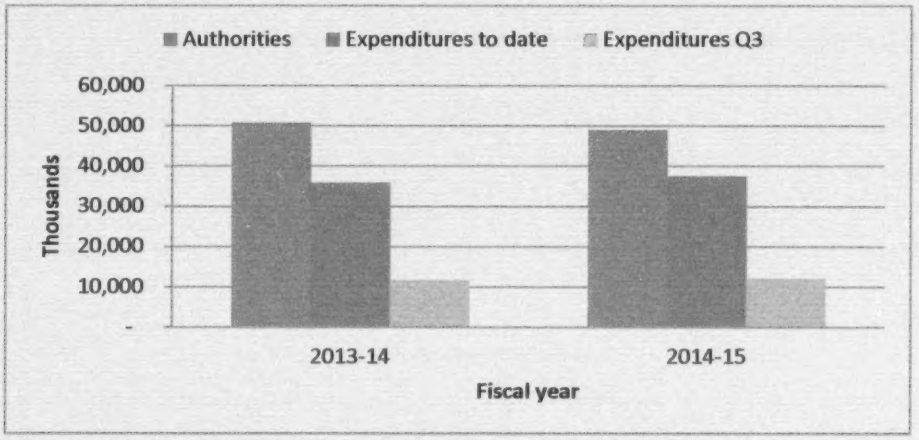
- An increase of $2.0M compared to 2013-14 related to approval of the annual amount of operating budget carried-forward from the previous fiscal year. In 2014-15 this amount was received in September of this fiscal year whereas in last fiscal year it was received in October.

Quarter 3:

- A decrease of $2.3M compared to 2013-14 related to approval of the annual amount of operating budget carried-forward from the previous fiscal year. In 2013-14 this amount was received in October whereas in this fiscal year it was received in September.

- An increase of $0.1 million due to the compensation for collective agreement.

Figure 1 – Third Quarter Expenditures Compared to Annual Authorities



Significant Changes to Gross Budgetary Expenditures

Year-to-date net spending increased by $1,513K or 4% in 2014-15, compared with the same quarter in 2013-14. Gross budgetary expenditures increased by $1,342K or 3% and the revenue decreased by $171K or 6% in 2014-15 compared to 2013-14. As a percentage of planned expenditures, year-to-date gross spending in the third quarter of 2014-15 increased minimally over that of 2013-14, to 73% compared to 69% ($40.2M in 2014-15 and $38.9M in 2013-14).

The following paragraphs provide detail of significant changes, focusing on occurrences in the third quarter:

- Personnel expenditures increased by $344K or 3% in the third quarter of 2014-15 (decrease of $323K or 1% year-to-date). This increase in the third quarter of 2014-15 compared to those of the same quarter of 2013-14, is due to temporary staff to work on digitization of offender files to support the Board member tele-work initiative as well as additional resources to support the Offender Management System upgrade. Other contributing factors include temporary staff in our policy and human resources divisions to work on special projects. This was in part offset to amendments of the *Public Service Superannuation Act* following the implementation of provisions related to *Canada's Economic Action Plan 2012*.

- Transport and Communications decreased by $84K or 14% from $622K in the third quarter of 2013-14 to $538K compared to the corresponding period in 2014-15. The decrease is due to less relocation expenditures compared to third quarter of 2013-14 and the postage meter that was replenished in the third quarter of 2013-14 as compared to the second quarter in 2014-15.

- Professional and special services expenditures were $175K or 25% higher in the third quarter of 2014-15 than in the previous year. This increase is due to the development and implementation of the Integrated Decision System.

- Rentals increased by $24K or 32% from $76K in the third quarter of 2013-14 to $100K in the corresponding period in 2014-15. This increase is primarily due to timing differences in payment of rental of office space. There were three payments related to the rental of office space for the

Pardons backlog group made in the third quarter of 2014-15 compared to two payments made in the same quarter of 2013-14.

- Repairs and maintenance increased by $151K or 487% from $31K in the third quarter of 2013-14 to $182K in the corresponding period in 2014-15. This increase is primarily due to expenditures for the Board's Medium to Long Term Accommodation Plan for renovation costs at National Office, which were paid in the third quarter of 2014-15 where none were paid in the third quarter of 2013-14.

Significant Changes to Revenues Collected

The number of record suspension applications accepted in the third quarter of 2014-15 was 2,008, which is 22% more than the same quarter in 2013-14. This resulted in a corresponding 22% or $173K increase in revenues collected in the third quarter of 2014-15 compared to 2013-14.

Risks and Uncertainties

The PBC receives its funding through annual Parliamentary authorities. As a result, its operations are affected by any changes in funding approved through Parliament. The Board collects user fees for processing record suspension applications, and has the authority to spend revenues received during the year on activities related to processing applications for record suspensions. If lower than expected volume persists, this will have an impact on the Board's net financial situation.

Significant Changes in Relation to Operations, Personnel and Programs

Marie-France Pelletier, who was the Board's Executive Vice Chairperson, left the Board in October 2014.

Budget 2012 Implementation

This section provides an overview of the savings measures announced in Budget 2012 that are being implemented in order to refocus government and programs; make it easier for Canadians and business to deal with their government, and modernize and reduce the back office.

The PBC will achieve Budget 2012 savings of $4.8M by 2014-15 through internal efficiency measures and through operational changes to how some conditional release reviews are conducted. The Board will maintain its focus on public safety and the long term protection of society by making quality decisions regarding conditional release and record suspensions.

In the first year of implementation, the Board achieved savings of $1.6M. Savings increased to $2.7M in 2013-14 and to $4.8M in 2014-15 ongoing. To date, cost savings have been achieved through the use of office reviews in place of hearings and the reduction of quorum for certain types of post-release decisions, as well as reduced travel due to telework by Board members, and increased use of video-conferencing in hearings and internal meetings and other various efficiency measures.

The balance of Budget 2012 savings will be reflected later in the fiscal year.

In August 2014, the Cour supérieure du Québec found the amendment to the *Corrections and Conditional Release Act* that removed the requirement to hold a hearing for post-suspension to be invalid. This amendment implemented a Budget 2012 plan. As a result, planned savings in the Quebec region are reduced. This issue is now before the Federal Court.

Work on all other initiatives is underway or completed in accordance with plans.

Approval by Senior Officials

Approved by,

Harvey Cenaiko
Chairperson

Cathy Gaudet, CPA, CA
Chief Financial Officer

Statement of Authorities (unaudited)

(In thousands of dollars)	Fiscal year 2014-2015			Fiscal year 2013-2014		
	Total available for use for the year ending March 31, 2015*	Used during the quarter ended December 31, 2014	Year to date used at quarter-end	Total available for use for the year ending March 31, 2014*,	Used during the quarter ended December 31, 2013	Year to date used at quarter-end
Vote 1 – Program expenditures	49,072	11,646	35,883	50,280	10,921	34,189
Less revenues netted against expenditures	5,645	944	2,741	5,645	771	2,912
Total net Program expenditures	43,427	10,702	33,142	44,635	10,150	31,277
Budgetary statutory authorities - EBP	5,771	1,443	4,328	6,241	1,560	4,680
Total authorities	49,198	12,145	37,470	50,876	11,710	35,957

Departmental Budgetary Expenditures by Standard Object (unaudited)

(In thousands of dollars)	Fiscal year 2014-2015			Fiscal year 2013-2014		
	Planned expenditures for the year ending March 31, 2015*	Expended during the quarter ended December 31, 2014	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2014*,	Expended during the quarter ended December 31, 2013	Year to date used at quarter-end
Expenditures						
Personnel	42,396	11,232	34,304	43,876	10,888	34,627
Transportation and communications	3,752	538	1,701	4,098	622	1,647
Information	235	35	84	161	30	111
Professional and special services	4,644	884	1,934	4,679	709	1,837
Rentals	313	100	272	296	76	267
Repair and maintenance	1,465	182	234	1,480	31	74
Utilities, materials and supplies	509	47	127	530	78	149
Acquisition of machinery and equipment	1,531	40	208	1,390	49	156
Other subsidies and payments	(1)	31	1,347	11	(2)	1
Total gross budgetary expenditures	54,844	13,089	40,211	56,521	12,481	38,869
Total revenues netted against expenditures	5,645	944	2,741	5,645	771	2,912
Total net budgetary expenditures	49,198	12,145	37,470	50,876	11,710	35,957

*Includes only Authorities available for use and granted by Parliament at quarter end.